



State of Wisconsin
**STATE - INCOME CONTINUATION
INSURANCE**
FACT SHEET 2004

INCOME CONTINUATION INSURANCE PROGRAM REVIEW

- Created by Wis. Stat. § 40.62.
- Department of Employee Trust Funds and Wisconsin Group Insurance Board have statutory authority for program administration and oversight.
- It is a self-insured plan financed by employer and employee premium contributions.
- State agencies perform enrollment and premium collection; claims administration is done by a third party contractor.
- Most of the premium income is allocated to pay benefits, establish reserves, and provide rehabilitative services.

ELIGIBILITY AND ENROLLMENT

- State employees who have been participating in the Wisconsin Retirement System for six months.
- Elected officials are eligible immediately.
- University of Wisconsin (UW) faculty are eligible six months after hire.
- May continue during authorized leave of absence and layoffs.
- Noncancelable except by employee.
- Open enrollment upon hire and attainment of permanent plateau (reached at 520, 728, 1040+ hours of accumulated sick leave allowing an employee to maintain that premium category even if sick leave subsequently falls below that level or at one year for UW faculty).
- Separate optional Income Continuation Insurance program for participating local governments.

BENEFITS

- 75% of gross salary for short-term (first year) and long-term (after one year) “total” disabilities.
- Total disability means inability to perform all of the essential duties of claimant’s occupation (short-term) or inability to perform duties of any substantial gainful occupation for which claimant is qualified (long-term).
- Payable for length of disability or until age 65. (Exception for disabilities beginning at age 62+.)
- Paid after a minimum of a 30-calendar day elimination period (or selected elimination period for UW faculty) or upon exhaustion of accumulated sick leave, up to 130 days, whichever is later.
- May pay the cost of rehabilitative training.
- \$75 supplement added to normal monthly benefit amount beginning with the second year of disability.
- Benefits will not duplicate benefits available from any other state or federal programs (e.g., Wisconsin Retirement System, Social Security, Worker’s Compensation, etc.).

PREMIUM

- Based upon salary and accumulated sick leave or optional elimination periods (UW faculty).
- Gross premium is computed as a percentage of covered salary.
- State will contribute a portion or pay the total premium for employees who accumulate sufficient sick leave.
- UW faculty who have one year of state creditable service receive 100% state-paid premium contribution based on a 180-calendar day elimination period.

STATE – INCOME CONTINUATION INSURANCE

FINANCIAL STATISTICS

AS OF DECEMBER 31, 2003

Total Assets:	\$72 million
Estimated Total Liabilities:	\$54.8 million
(Reported Claims + Incurred But Not Reported Claims)	
Recommended Reserve:	15-25% of estimated liabilities

CLAIMS STATISTICS

Paid in 2003 by Year Incurred

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Number of Claims	1,023	403	135	84
Average Monthly Benefit	\$1,430	\$1,243	\$1,086	\$1,127

Total Paid in Year Ended December 31

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Number of Claims	2,024	1,981	1,746	2,055
Average Monthly Benefit	\$1,258	\$1,025	\$1,478	\$1,313

REVENUES BY TYPE

AMOUNTS IN 1000s

	<u>Premiums</u>				
<u>Year</u>	<u>Employee</u>	<u>Employer</u>	<u>Investment Income</u>	<u>Total</u>	<u>Covered Employees</u>
2003	\$4,976	\$4,320	\$12,223	\$21,519	69,243
2002	\$4,923	\$4,242	(\$5,466)	\$ 3,699	55,164
2001	\$4,685	\$4,087	(\$1,731)	\$ 7,041	54,839
2000	\$4,348	\$3,774	\$11,000	\$19,122	53,311

EXPENSES BY TYPE

AMOUNTS IN 1000s

	<u>Benefits Paid</u>			
<u>Year</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Other Expenses</u>	<u>Total</u>
2003		\$13,566*	\$ 53	\$13,619
2002		\$13,270*	\$ 402	\$13,672
2001		\$12,515*	\$ 369	\$12,884
2000	\$4,718	\$3,230	\$1,617	\$ 9,565

* Total 2003 claims \$13,566,000 (includes taxes). Other expenses (passthroughs, implementation costs, collection fees, advance, etc.) \$53,805.